



Claire McCaskill

Missouri State Auditor

April 2006

Twenty-First Judicial Circuit

City of Country Club Hills, Missouri Municipal Division



Office Of
Missouri State Auditor
Claire McCaskill

April 2006

The following findings were included in our audit report on the Twenty-First Judicial Circuit, City of Country Club Hills, Missouri – Municipal Division.

As of January 31, 2006, the bond escrow bank account of the court had a balance of \$43,482. At the auditors' request, the Court Clerk prepared an open items list as of January 31 from the court's bond log. When compared to the bond bank account balance, it was noted that the bank balance was \$20,352 more than the open items list. A portion of this excess is interest earned on the account that has not been paid over to the city; otherwise, the Court Clerk could not explain the reason for these excess monies. In addition, the bond log does not indicate the disposition of bonds, including date disposed, refunded, or transmitted to the city.

Court fines and costs are not transmitted to the city and deposited on a timely basis, and the court does not keep records of which receipt numbers make up the bank deposit. For the time periods reviewed, court transmittals totaled \$8,618, \$9,277, and \$2,808. Also, during our test of bond receipts, we noted at least \$2,850 in bonds held by the police department, waiting to be picked up by a court employee. Furthermore, the municipal division did not document a review of the numerical sequence of bond forms upon receipt from the police department and neither the court nor the police department account for the numerical sequence of tickets issued.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

TWENTY-FIRST JUDICIAL CIRCUIT
CITY OF COUNTRY CLUB HILLS, MISSOURI
MUNICIPAL DIVISION

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS	4-7
<u>Number</u>	<u>Description</u>
1.	Bond Open Items5
2.	Accounting Controls and Procedures6
3.	Ticket Accountability7
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION	8-9

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
Twenty-First Judicial Circuit
and
Municipal Judge
Country Club Hills, Missouri

We have audited certain operations of the city of Country Club Hills Municipal Division of the Twenty-First Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the year ended March 31, 2005. We were requested by the Municipal Judge to perform this audit upon the discovery of a theft involving the court bond account. The prior Mayor wrote himself two unauthorized checks totaling \$2,600 in December, 2004. This incident was discovered by the court, the amounts have been repaid, and charges have been filed. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Review the municipal division records and procedures for any other instances of fraud.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions.

However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Country Club Hills Municipal Division of the Twenty-First Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 23, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Kenneth W. Kuster, CPA
Audit Manager: Alice M. Fast, CPA
In-Charge Auditor: Monique Williams, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY-FIRST JUDICIAL CIRCUIT
CITY OF COUNTRY CLUB HILLS, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Bond Open Items
-----------	------------------------

- A. Monthly listings of open items (liabilities) are not prepared and reconciled to the bond account bank balance. In addition, interest earned on the account has not been tracked and turned over to the city's general fund.

As of January 31, 2006, the bond escrow bank account had a balance of \$43,482. At our request, the Court Clerk prepared an open items list as of January 31 from the court's bond log. We compared this log to the bond bank account balance and noted that the bank balance was \$20,352 more than the open items list. A portion of this excess is interest earned on the account that has not been paid over to the city. The Court Clerk could not explain the reason for these excess monies. The clerk did indicate that past city employees had not prepared open items listings or tracked the interest earned on the account. Furthermore, we noted one of the older bonds tested could not be identified with an open case.

A monthly listing of open items is necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of monies held in the bond escrow account and to ensure that monies are properly distributed in a timely manner to the city, state, or other third parties. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- B. The court maintains a bond log of all the bonds received by the court which shows the defendant's name, date received, bond amount, the court receipt number issued, and the bond number issued by the police department. However, the bond log does not indicate the disposition of the bond, including the date the bond was disposed, refunded, or transmitted to the city.

To improve accountability over bonds received by the court and to help in the preparation of the bond open items list, the date the bond was disposed, refunded, or transmitted to the city should be documented on the court bond log.

WE RECOMMEND the Municipal Division:

- A. Prepare a monthly open items listing and reconcile this list to the amount in the bond escrow bank account. In addition, the Municipal Division should determine the disposition of the remaining unidentified amounts held in the account.

Interest earned on the account should be tracked and periodically paid to the city's general fund.

- B. Document the date and ultimate disposition of each bond on the court's bond log.

AUDITEE'S RESPONSE

The Municipal Judge provided the following responses:

- A. *Within the next year, the court will establish a list of monthly open items. The court will enter an order which will direct the disposition of the open items.*
- B. *Implemented.*

2. Accounting Controls and Procedures
--

- A. The municipal division did not document a review of the numerical sequence of bond forms upon receipt from the police department. A bond log is maintained by the police department of all the bond forms issued by police personnel. Each bond received has the initials in the log of the police officer accepting the bond. When bond forms and receipts are picked up by a court employee, there is no documentation that the numerical sequence of the bond forms is accounted for and reconciled with the bond monies received.

To ensure all bonds are properly receipted and deposited into the bond bank account, the municipal division should ensure the numerical sequence of bond forms is accounted for properly and agreed to the bond monies collected from the police department. To document this reconciliation, the municipal division should sign for the bond forms and monies received from the police department.

- B. 1. Court fines and costs are not transmitted to the city and deposited on a timely basis. Transmittals and deposits are made twice a month after each court date. For the time periods reviewed, court transmittals totaled \$8,618, \$9,277, and \$2,808. In addition, the court does not indicate which receipt numbers make up the deposit on the bank deposit tickets or any other such record.
2. Bond receipts are not deposited on a timely basis. Bond receipts are removed from the police department bond box and deposited once a week. During our test of bond receipts, we noted at least \$2,850 in the bond box waiting to be picked up by a court employee.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts

exceed \$100. In addition, deposit ticket information should be sufficiently detailed to indicate which receipts are included in the deposit.

WE RECOMMEND the Municipal Division:

- A. Ensure the numerical sequence of bond forms is accounted for properly and agreed with the bond monies received from the police department.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100 and ensure deposit tickets include complete and accurate information.

AUDITEE'S RESPONSE

The Municipal Judge provided the following responses:

- A. *Implemented.*
- B. *With the cooperation of the police department, deposits will be made more frequently than in the past.*

3. Ticket Accountability

The Municipal Division and Police Department do not account for the numerical sequence of tickets issued. The Police Department tracks the ticket numbers assigned to each officer, but keeps no record of tickets issued. As tickets are issued by the Police Department they are given to the court for processing. The court employees enter the issued and voided tickets into the computer system; however, they do not ensure that the numerical sequence of all tickets issued is accounted for properly.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets issued, the court and the police department cannot be assured that all tickets issued were properly submitted for processing. A record should be maintained accounting for the ultimate disposition of each ticket issued to ensure all tickets have been accounted for properly.

WE RECOMMEND the Municipal Division work with the Police Department to ensure adequate records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

AUDITEE'S RESPONSE

The Municipal Judge responded that both the police department and the court will maintain ticket logs to assure accountability.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY-FIRST JUDICIAL CIRCUIT
CITY OF COUNTRY CLUB HILLS, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Country Club Hills Municipal Division is one of eighty-six municipal divisions within the Twenty-First Judicial Circuit, which consists of St. Louis County. The Honorable Carolyn Whittington serves as Presiding Judge.

The municipal division is governed by Chapter 479, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The court is responsible for recording transactions as well as handling collections and disbursements. The Country Club Hills Police Department collects bond monies for the city of Country Club Hills. Bond monies are picked up by a court employee from the police department and transmitted to the City Clerk weekly for deposit into a bond escrow account. Fines and costs are collected by the court and transmitted to the City Clerk twice a month for deposit into the city treasury. Court is held on the first and third Wednesday of each month. A traffic violations bureau has been established by court order to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	William Buchholz, II
Court Clerk	Rowena Hollins
Assistant Court Clerk	Rayette Wesley

Financial and Caseload Information

	<u>Year Ended March 31,</u>	
	<u>2005</u>	<u>2004</u>
Receipts	\$ 317,850	329,304
Number of cases filed	2,436	2,640